

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**

Independent Auditors' Reports
Basic Financial Statements and
Required Supplementary Information
Schedule of Findings

June 30, 2016 and 2015

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HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Jody Anderson	Chairperson	City of Iowa Falls
Joe Wessels	Member	City of Ackley
Steve Hunt	Member	City of Alden
Don Bahr	Member	City of Buckeye
W. Bruce Bierma	Member	City of Eldora
Wes Kix	Member	City of Hubbard
Chris Renihan	Member	City of New Providence
James Nehring	Member	City of Owasa
Brad Fjelland	Member	City of Radcliffe
Jeff Risius	Member	City of Steamboat Rock
Tom Pieper	Member	City of Union
Lance Granzow	Member	Hardin County
Susan Engelking	Director	



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report

To the Members of the Hardin County
Solid Waste Disposal Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the Hardin County Solid Waste Disposal Commission as of and for the years ended June 30, 2016, and 2015, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hardin County Solid Waste Disposal Commission as of June 30, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Commission's Proportionate Share of the Net Pension Liability and the Schedule of Commission Contributions on pages 4 through 7 and pages 24 through 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 27, 2016 on our consideration of the Hardin County Solid Waste Disposal Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Hardin County Solid Waste Disposal Commission's internal control over financial reporting and compliance.

Bowman & Miller, P.C.

October 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Hardin County Solid Waste Disposal Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the years ended June 30, 2016 and 2015. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

2016 FINANCIAL HIGHLIGHTS

- ◆ The Commission's operating revenues increased 0.1%, or \$1,681, from fiscal year 2015 to fiscal year 2016. Revenues from gate fees increased slightly while recycling sales and other operating revenues decreased marginally.
- ◆ The Commission's operating expenses were 0.4%, or \$7,107, more in fiscal year 2016 than in fiscal year 2015.
- ◆ The Commission's net position decreased 6.3%, or \$83,428, from June 30, 2015 to June 30, 2016.

USING THIS ANNUAL REPORT

The Hardin County Solid Waste Disposal Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis is intended to serve as an introduction to the Hardin County Solid Waste Disposal Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statements of Net Position present information on the Commission's assets and deferred outflows of resources less the Commission's liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position are the basic statements of activities for proprietary funds. These statements present information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statements of Cash Flows present the change in the Commission's cash and cash equivalents during the years. This information can assist readers of the report in determining how the Commission financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Commission's proportionate share of the net pension liability and related contributions.

FINANCIAL ANALYSIS OF THE COMMISSION

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. The Commission's net position at the end of fiscal year 2016 totaled \$1,239,603. This compares to \$1,323,031 at the end of fiscal year 2015. A summary of the Commission's net position is presented below.

Net Position		
	June 30,	
	2016	2015
Current assets	\$ 1,139,495	1,040,142
Capital assets at cost, less accumulated depreciation	521,178	691,323
Total assets	1,660,673	1,731,465
Deferred outflows of resources	52,470	40,116
Current liabilities	108,917	106,827
Noncurrent liabilities	345,484	274,709
Total liabilities	454,401	381,536
Deferred inflows of resources	19,139	67,014
Net position:		
Net investment in capital assets	521,178	691,323
Unrestricted	718,425	631,708
Total net position	\$ 1,239,603	1,323,031

The unrestricted portion of the Commission's net position (58%) may be used to meet the Commission's obligations as they come due. The invested in capital assets (e.g., land, buildings and equipment) portion of net position (42%) are resources allocated to capital assets.

Statements of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the recycling center and fees paid to the landfill. Non-operating revenues include interest income and insurance recovery. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2016 and 2015 is presented below.

Changes in Net Position		
	Year ended June 30,	
	2016	2015
Operating revenues:		
Gate fees	\$ 849,248	843,347
County and city assessments	521,564	521,564
Recycling sales	126,269	128,705
Other operating revenues	22,381	24,165
Total operating revenues	1,519,462	1,517,781
Operating expenses:		
Payments to Rural Iowa Waste Management Association for landfill operations	770,242	756,709
Recycling center:		
Contract expense	15,125	29,125
Marketing recycling materials	7,849	7,983
Salaries and benefits	494,389	467,814
Depreciation	170,145	170,023
Non-capitalized equipment	5,999	9,686
Site maintenance	64,826	64,713
Legal and accounting	14,158	13,299
Insurance	37,527	39,856
Telephone and utilities	24,907	35,862
Office expenses	4,916	5,133
Advertising and recycling promotion	3,975	5,178
Tire recycling	2,384	2,956
Equipment repair	1,024	1,210
Uniforms	1,754	1,227
Miscellaneous	3,840	5,179
Total operating expenses	1,623,060	1,615,953
Operating loss	(103,598)	(98,172)
Non-operating revenues:		
Interest income	6,318	4,159
Insurance recovery	13,852	-
Total non-operating revenues	20,170	4,159
Change in net position	(83,428)	(94,013)
Net position beginning of year	1,323,031	1,417,044
Net position end of year	\$ 1,239,603	1,323,031

The Statements of Revenues, Expenses and Changes in Net Position reflect an adverse year financially with a decrease in net position at the end of the current fiscal year.

In fiscal year 2016, operating revenues increased \$1,681, or 0.1%, which is primarily a result of gates fees increasing due to a \$1 per ton increase in tipping fees. Operating expenses increased \$7,107, or 0.4%. The increase was mainly a result of higher expenses related to employee wages and benefits which primarily was due to increased costs of health insurance. Expenses to Rural Iowa Waste Management Association for landfill operations per their mutual agreement also increased approximately \$13,500.

Statements of Cash Flows

The Statements of Cash Flows present information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash provided by non-capital financing activities includes insurance reimbursements. Cash provided and used by capital and related financing activities includes the purchase and disposal of capital assets. Cash provided by investing activities includes the purchase and redemption of certificates of deposit and interest income.

CAPITAL ASSETS

At June 30, 2016, the Commission had \$521,178 invested in capital assets, net of accumulated depreciation of \$2,115,170. Depreciation expense totaled \$170,145 and \$170,023 for fiscal years 2016 and 2015, respectively. More detailed information about the Commission's capital assets is presented in Note 3 to the financial statements.

ECONOMIC FACTORS

The Hardin County Solid Waste Disposal Commission's financial position continued to decline during the current fiscal year. The current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities which may potentially become challenges for the Commission to meet are:

- ◆ Facilities and equipment at the Commission require constant maintenance and upkeep.
- ◆ Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.
- ◆ Volatility of the recyclables markets and the effect on net processing cost and product volume.
- ◆ The costs of benefits paid on behalf of employees, particularly health insurance premiums, continue to rise.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues. The Commission does plan to continue replacing old equipment currently in use with new pieces of equipment in fiscal year 2017 including a new roll off truck and curbsorter.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Hardin County Solid Waste Disposal Commission, 20482 M Ave., Eldora, Iowa, 50627-1699.

HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Exhibit A

Statements of Net Position June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 839,356	727,498
Investments	202,380	201,184
Accounts receivable	80,045	83,171
Prepaid insurance	17,714	28,289
Total current assets	<u>1,139,495</u>	<u>1,040,142</u>
Noncurrent assets:		
Capital assets, net of accumulated depreciation	<u>521,178</u>	<u>691,323</u>
Total assets	<u>1,660,673</u>	<u>1,731,465</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>52,470</u>	<u>40,116</u>
Liabilities		
Current liabilities:		
Accounts payable	75,965	75,588
Salaries and benefits payable	25,465	21,750
Compensated absences	7,487	9,489
Total current liabilities	<u>108,917</u>	<u>106,827</u>
Noncurrent liabilities:		
Net pension liability	229,962	175,718
Net OPEB liability	115,522	98,991
Total noncurrent liabilities	<u>345,484</u>	<u>274,709</u>
Total liabilities	<u>454,401</u>	<u>381,536</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>19,139</u>	<u>67,014</u>
Net Position		
Net investment in capital assets	521,178	691,323
Unrestricted	<u>718,425</u>	<u>631,708</u>
Total net position	<u>\$ 1,239,603</u>	<u>1,323,031</u>

HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Exhibit B

Statements of Revenues, Expenses and Changes in Net Position Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Gate fees	\$ 849,248	843,347
County and city assessments	521,564	521,564
Recycling sales	126,269	128,705
Other operating revenues	22,381	24,165
Total operating revenues	<u>1,519,462</u>	<u>1,517,781</u>
Operating expenses:		
Payments to Rural Iowa Waste Management Association for landfill operations	770,242	756,709
Recycling center:		
Contract expense	15,125	29,125
Marketing recycling materials	7,849	7,983
Salaries and benefits	494,389	467,814
Depreciation	170,145	170,023
Non-capitalized equipment	5,999	9,686
Site maintenance	64,826	64,713
Legal and accounting	14,158	13,299
Insurance	37,527	39,856
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Office expenses	4,916	5,133
Advertising and recycling promotion	3,975	5,178
Tire recycling	2,384	2,956
Equipment repair	1,024	1,210
Uniforms	1,754	1,227
Miscellaneous	3,840	5,179
Total operating expenses	<u>1,623,060</u>	<u>1,615,953</u>
Operating loss	<u>(103,598)</u>	<u>(98,172)</u>
Non-operating revenues:		
Interest income	6,318	4,159
Insurance recovery	13,852	-
Total non-operating revenues	<u>20,170</u>	<u>4,159</u>
Change in net position	(83,428)	(94,013)
Net position beginning of year	<u>1,323,031</u>	<u>1,417,044</u>
Net position end of year	<u>\$ 1,239,603</u>	<u>1,323,031</u>

HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Exhibit C

Statements of Cash Flows Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Cash received from gate fees	\$ 852,374	841,475
Cash received from assessments	521,564	521,564
Cash received from recycling and other operating receipts	148,650	141,835
Cash paid to suppliers for goods and services	(953,559)	(1,012,981)
Cash paid to employees for services	(476,145)	(452,858)
Net cash provided by operating activities	<u>92,884</u>	<u>39,035</u>
Cash flows from non-capital financing activities:		
Cash received from insurance recovery	<u>13,852</u>	-
Net cash provided by non-capital financing activities	<u>13,852</u>	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	-	(56,163)
Net cash used by capital and related financing activities	<u>-</u>	<u>(56,163)</u>
Cash flows from investing activities:		
Proceeds from redemption of certificates of deposit	201,448	201,100
Purchase of certificates of deposit	(202,644)	(201,384)
Interest received	6,318	4,159
Net cash provided by investing activities	<u>5,122</u>	<u>3,875</u>
Net increase (decrease) in cash and cash equivalents	111,858	(13,253)
Cash and cash equivalents beginning of year	<u>727,498</u>	<u>740,751</u>
Cash and cash equivalents end of year	<u>\$ 839,356</u>	<u>727,498</u>
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (103,598)	(98,172)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	170,145	170,023
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	3,126	(1,872)
(Increase) decrease in prepaid items	10,575	(9,489)
Increase (decrease) in compensated absences	(2,002)	(251)
Increase (decrease) in accounts payable	377	(10,483)
Increase (decrease) in salaries and benefits payable	3,715	967
Increase (decrease) in deferred revenue	-	(11,035)
Increase (decrease) in net pension liability	54,244	(67,682)
(Increase) decrease in deferred outflows of resources	(12,354)	(14,225)
Increase (decrease) in deferred inflows of resources	(47,875)	67,014
Increase (decrease) in OPEB	16,531	14,240
Total adjustments	<u>196,482</u>	<u>137,207</u>
Net cash provided by operating activities	<u>\$ 92,884</u>	<u>39,035</u>

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Notes to Financial Statements
June 30, 2016 and 2015**

(1) Summary of Significant Accounting Policies

The Hardin County Solid Waste Disposal Commission was formed in 1971 pursuant to the provisions of Chapter 28E of the Code of Iowa. The Commission was established for the purpose of developing, operating, maintaining and providing services in connection with a solid waste disposal facility for the units of government which are parties to the agreement. The participating units of government include the cities of Ackley, Alden, Buckeye, Eldora, Hubbard, Iowa Falls, New Providence, Owasa, Radcliffe, Steamboat Rock and Union and Hardin County.

The Commission is composed of one representative and one alternate from each participating unit of government to be designated by that government. The Commission utilizes a vote based on one vote for each governmental unit.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Hardin County Solid Waste Disposal Commission has included all funds, organizations, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

The Commission is a member of the Rural Iowa Waste Management Association (RIWMA), a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa. The Association is composed of two members from the Hardin County Solid Waste Disposal Commission and from the Butler County Solid Waste Commission. The purpose of the Commission is to effectively provide for the sanitary disposal of solid waste within the boundaries of Butler and Hardin Counties through the joint operation of a landfill site and the initiation of such other solid waste reduction or recycling programs as the Commissions/Authorities deem necessary and beneficial to the citizens they serve.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Notes to Financial Statements (Continued)
June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Continued)

RIWMA is responsible for sanitary landfill activities. The responsibilities for hazardous waste, waste reduction, special waste and education under the Environmental Protection Act remain with each separate Commission/Authority.

In July 1994, the Hardin County Solid Waste Disposal Commission transferred to RIWMA, under quit claim deed, its interest in the sanitary landfill and the compost facility. Upon transfer of the landfill property, RIWMA became primarily responsible for all future commitments and liabilities associated with the landfill and its operation under the permit issued in December 1994.

B. Basis of Presentation

The accounts of the Commission are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Notes to Financial Statements (Continued)
June 30, 2016 and 2015

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

The following accounting policies are followed in preparing the Statements of Net Position:

Cash, Cash Equivalents and Investments – The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2016 and 2015 include certificates of deposit of \$202,380 and \$201,184, respectively.

Capital Assets – Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by the Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$25,000
Equipment and vehicles	1,500

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In Years)</u>
Buildings and improvements	20
Equipment and vehicles	3 - 10

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the years ended June 30, 2016 and 2015.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Notes to Financial Statements (Continued)
June 30, 2016 and 2015**

(1) Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (Continued)

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Commission after the measurement date but before the end of the Commission's reporting period.

Compensated Absences – Commission employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement and sick leave hours for subsequent use or for payment upon retirement. The Commission's liability for accumulated vacation and sick leave hours has been computed based on rates of pay in effect at June 30, 2016 and 2015.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statements of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on IPERS investments.

(2) Cash, Cash Equivalents and Investments

The Commission's deposits in banks at June 30, 2016 and 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Notes to Financial Statements (Continued)
June 30, 2016 and 2015

(2) Cash, Cash Equivalents and Investments (Continued)

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Capital Assets

A summary of capital assets at June 30, 2016 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 100,000	-	-	100,000
Capital assets being depreciated:				
Buildings	1,384,379	-	-	1,384,379
Equipment and vehicles	1,151,969	-	-	1,151,969
Total capital assets being depreciated	2,536,348	-	-	2,536,348
Less accumulated depreciation for:				
Buildings	1,003,490	69,322	-	1,072,812
Equipment and vehicles	941,535	100,823	-	1,042,358
Total accumulated depreciation	1,945,025	170,145	-	2,115,170
Total capital assets being depreciated, net	591,323	(170,145)	-	421,178
Total capital assets, net	\$ 691,323	(170,145)	-	521,178

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the Commission, except those covered by another retirement system. Employees of the Commission are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Notes to Financial Statements (Continued)
June 30, 2016 and 2015**

(4) Pension Plan (Continued)

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Notes to Financial Statements (Continued)
June 30, 2016 and 2015

(4) Pension Plan (Continued)

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the Commission contributed 8.93% of covered payroll, for a total rate of 14.88%.

The Commission's total contributions to IPERS for the year ended June 30, 2016 were \$28,750.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2016, the Commission reported a liability of \$229,962 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the Commission's proportion was 0.0046546% which was an increase of 0.0002239% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Commission recognized pension expense of \$22,766. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,474	-
Changes of assumptions	6,331	-
Net difference between projected and actual earnings on IPERS investments	-	19,139
Changes in proportion and differences between Commission contributions and the Commission's proportionate share of contributions	13,915	-
Commission contributions subsequent to the measurement date	28,750	-
Total	<u>\$ 52,470</u>	<u>19,139</u>

\$28,750 reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Notes to Financial Statements (Continued)
June 30, 2016 and 2015

(4) Pension Plan (Continued)

Year Ended June 30,	
2017	\$ (3,020)
2018	(3,020)
2019	(3,020)
2020	12,767
2021	874
	\$ 4,581

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rate of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on IPERS investments was determined using a building block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Notes to Financial Statements (Continued)
June 30, 2016 and 2015

(4) Pension Plan (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

1%	Discount	1%
Decrease	Rate	Increase
(6.50%)	(7.50%)	(8.50%)

Commission's proportionate share of the net pension liability	\$	402,623	\$	229,962	\$	84,225
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IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS – At June 30, 2016, the Commission reported payables to IPERS of \$3,769 for legally required employer contributions and \$2,511 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Notes to Financial Statements (Continued)
June 30, 2016 and 2015**

(5) Other Postemployment Benefits (OPEB)

The Commission participates in the Hardin County postretirement medical plan (OPEB). The OPEB Plan recognizes the implicit rate subsidy as required by GASB Statement No. 45.

The actuarial valuation of liabilities under the OPEB plan is calculated using the unit credit actuarial cost method as of the July 1, 2015 actuarial valuation. This method requires the calculation of an unfunded actuarial accrued liability, which was approximately \$622,324 for Hardin County as of June 30, 2016. The Commission's portion of the unfunded actuarial accrued liability is not separately determinable.

Details of the OPEB plan are available in Hardin County's audit report for the year ended June 30, 2016. The report may be obtained by writing to Hardin County Auditor's Office, 1215 Edgington Ave #1, Eldora, IA 50627.

The Commission recognized a net OPEB liability of \$115,522 for other postemployment benefits, which represents the Commission's portion of Hardin County's net OPEB obligation. The Commission's portion of the net OPEB obligation was calculated using the ratio of full-time equivalent employees of the Commission compared to full-time equivalent employees of Hardin County.

(6) Closure and Postclosure Care

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/postclosure care plan and to provide funding necessary to effect closure and postclosure care, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year postclosure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and postclosure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and postclosure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consists of four components: (1) the cost of equipment and facilities used in postclosure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the postclosure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Notes to Financial Statements (Continued)
June 30, 2016 and 2015**

(6) Closure and Postclosure Care (Continued)

Upon transfer of the landfill property to the Rural Iowa Waste Management Association (RIWMA), RIWMA became primarily responsible for all future commitments and liabilities associated with the landfill and its operations. However, according to the Commission's attorney, neither 28E provisions nor Commission resolutions can alter the legal responsibility of any prior owners of landfill sites with regard to the above EPA requirements. Accordingly, the Commission remains contingently liable for the closure and postclosure care costs. At June 30, 2016, these costs are estimated at \$3,573,200 and RIWMA was required to have \$1,605,599 of those costs restricted in a dedicated trust fund. RIWMA has elected to demonstrate financial assurance for these costs by using three financial assurance mechanisms totaling \$1,618,957, resulting in an overage of \$13,358. Currently, RIWMA has designated an additional investment for the financial assurance dedicated fund in a sufficient amount for financial assurance.

(7) Risk Management

The Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official's liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Commission's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Commission's contributions to the Pool for the years ended June 30, 2016 and 2015 were \$23,570 and 24,758, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Notes to Financial Statements (Continued)
June 30, 2016 and 2015**

(7) Risk Management (Continued)

Commission's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk sharing agreements up to the amount of risk-sharing protection provided by the Commission's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the Commission's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the Commission's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool of reinsurance coverage since the Pool's inspection.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation in the amount of \$1,000,000. The Commission assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(8) Operating Lease

The Commission has entered into a five year lease agreement with Premier Office Equipment for a copier that expires April 23, 2019. The future minimum lease payments under the operating lease which has a remaining term in excess of one year as of June 30, 2016, is:

Years ending June 30:

2017	\$	1,824
2018		1,824
2019		<u>1,368</u>
	\$	<u>5,016</u>

Rent expense for the years ended June 30, 2016 and 2015 was \$1,785 and \$1,831, respectively.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Notes to Financial Statements (Continued)
June 30, 2016 and 2015**

(9) Date of Management Evaluation

Management has evaluated subsequent events through October 27, 2016, the date on which the financial statements were available to be issued.

HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Schedule of the Commission's Proportionate Share of the Net Pension Liability Iowa Public Employees' Retirement System For the Last Two Years* Required Supplementary Information

	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability	0.0046546 %	0.0044307 %
Commission's proportionate share of the net pension liability	\$ 229,962	175,718
Commission's covered-employee payroll	\$ 318,885	289,932
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.11 %	60.61 %
IPERS' net position as a percentage of the total pension liability	85.19 %	87.61 %

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Schedule of Commission Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Required Supplementary Information

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contribution	\$ 28,750	28,476	25,891	24,106
Contributions in relation to the statutorily required contribution	<u>(28,750)</u>	<u>(28,476)</u>	<u>(25,891)</u>	<u>(24,106)</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Commission's covered-employee payroll	\$ 321,953	318,885	289,932	278,034
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.67%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
21,894	19,414	17,683	15,322	14,118	14,278
<u>(21,894)</u>	<u>(19,414)</u>	<u>(17,683)</u>	<u>(15,322)</u>	<u>(14,118)</u>	<u>(14,278)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
271,306	279,335	265,940	241,291	233,355	248,313
8.07%	6.95%	6.65%	6.35%	6.05%	5.75%

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION**
Notes to Other Information - Pension Liability
Years Ended June 30, 2016 and 2015

Changes in benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on Audits of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Members of the Hardin County
Solid Waste Disposal Commission:

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Hardin County Solid Waste Disposal Commission as of and for the years ended June 30, 2016 and 2015, and the related Notes to Financial Statements, and have issued our report thereon dated October 27, 2016.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Hardin County Solid Waste Disposal Commission's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hardin County Solid Waste Disposal Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hardin County Solid Waste Disposal Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Hardin County Solid Waste Disposal Commission's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hardin County Solid Waste Disposal Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Commission's operations for the years ended June 30, 2016 and 2015 are based exclusively on knowledge obtained from procedures performed during our audits of the financial statements of the Commission. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Hardin County Solid Waste Disposal Commission during the course of our audits. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

Marshalltown, Iowa
October 27, 2016

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Schedule of Findings
Years ended June 30, 2016 and 2015**

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

**HARDIN COUNTY SOLID WASTE
DISPOSAL COMMISSION
Schedule of Findings (Continued)
Years ended June 30, 2016 and 2015**

Other Findings Related to Required Statutory Reporting:

- (1) Questionable Expenses – No expense we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No expenditures of money for travel expenses of spouses of Commission officials or employees were noted.
- (3) Board Minutes – No transactions were found that we believe should have been approved in the Commission minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa were noted.

HARDIN COUNTY SOLID WASTE DISPOSAL COMMISSION

Audit Staff

This audit was performed by:

BOWMAN & MILLER, P.C.
Certified Public Accountants
Marshalltown, Iowa

Personnel:

Nathan P. Minkel, CPA, Partner
Taylor G. Johnson, CPA, Manager